



Howard County Retirement Plan



**HOWARD COUNTY
MARYLAND**
Economic Development Authority

Informational Seminar

February 12, 2018

Presented by:

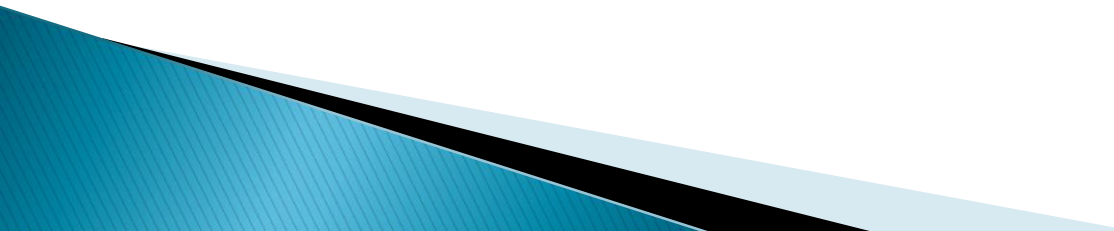
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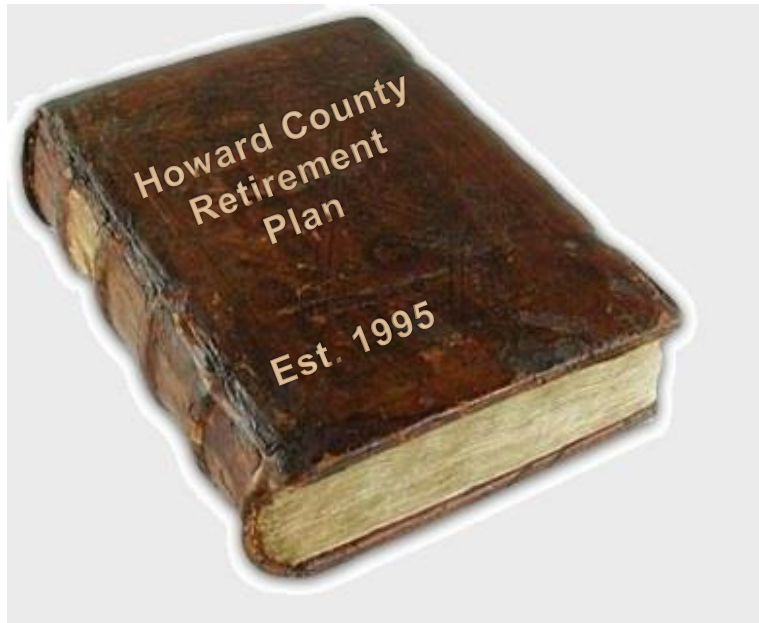
NikeYahaya

DISCLAIMER

This presentation is intended as an overview of the retirement benefits provided for you by Howard County, and every effort has been made to ensure its accuracy. The County reserves the right to make future plan amendments. These materials are not a substitute for the official legal terms of the Retirement Plan specified in the Howard County Code. In the event of a discrepancy between this information and the County Code, the County Code will govern.



PLAN HISTORY



- The Howard County Retirement Plan was established in 1995.
- Employees in 1995 could stay in the MD State Retirement System or join the HCRP.
- The plan now covers approximately:
 - 1,820 County Employees, plus
 - 750 Retirees/Beneficiaries receiving a monthly check, plus
 - 180 terminated vested members
- Plan assets held in Trust to pay benefits: approx. \$400 million

PLAN FUNDING

Employee Contributions + Employer Contributions



➤ **3.0% of base pay**

- **Actuarially determined**
- **12.4% of pay (FY 18)**

Key Definitions

Creditable Service* (HOW MUCH?)

- Determines amount of your benefits



Final Average Pay

- Highest 36 months
- Excludes bonuses & overtime
- No reduction for furlough

Eligibility Service* (HOW SOON?)

- Determines Vesting
- Eligibility for normal or early retirement
- Qualification for retiree health insurance



** Service is measured in years and complete calendar months*

Additional Service Credit

- **Unused Sick Leave at Retirement**
 - ▣ **Counts for Creditable Service Only**
 - ▣ **22 Sick Days = 1 month of sick leave**
 - ▣ **1.66% multiplier used**

- **Pre-Employment Military Service**
 - ▣ **Counts for both Eligibility and Creditable Service**
 - ▣ **Must have 10 years of service**
 - ▣ **Plan recognizes up to 4 years of active duty service**



Eligibility for Retirement Benefits

Normal Retirement



You qualify for **Normal Retirement Benefits** on the first day of the month on or after:

- ✓ 30 Years of Eligibility Service
OR
- ✓ Age 62 with at least 5 years of service, if earlier.

Eligibility for Retirement Benefits

Early Retirement

You qualify for **Early Retirement Benefits** on the first day of the month on or after:

- ✓ 25 Years of Eligibility Service
- OR
- ✓ Age 55 with at least 15 years of service, if earlier.



Benefit Formula



•The Multiplier is:

1.55% for service before 7/1/2012, and
1.66% for service after 7/1/2012

For Early Retirement, the benefit is reduced by 0.5% for each month that early retirement date precedes normal retirement date.

Normal Retirement Benefit

Example (non-union)

**Final Average Pay = \$72,000 (annual)
\$ 6,000 (monthly)**

Age at Retirement = 62 Retirement Date = 7/1/2018

Creditable Service at Retirement = 25 years

Retirement Benefit Formula =

$$\begin{aligned} & \$6,000 \times 19 \text{ years} \times 1.55\% \\ & + \$6,000 \times 6 \text{ years} \times 1.66\% = \$2,365/\text{month} \end{aligned}$$

Note: These are gross amounts, before tax withholding.



Early Retirement Benefit

Example (non-union)

Final Average Pay = \$72,000 (annual)
\$ 6,000 (monthly)

Creditable Service at Retirement = 25 years

Retirement Date = 7/1/2018

Age at Retirement = 60 (24 months early)

Early Retirement Reduction: $24 \times .5\% = 12\%$

Early Retirement Benefit Formula =

$$\begin{aligned} & \$6,000 \times 19 \text{ years} \times 1.55\% \\ + & \$6,000 \times 6 \text{ years} \times 1.66\% = \$2,365.00/\text{month} \\ & \qquad \qquad \qquad \times \underline{88\%} \\ & \qquad \qquad \qquad \$2,080.00/\text{month} \end{aligned}$$

Note: These are gross amounts, before tax withholding.

At Retirement

Benefit Payment Options

You will elect your form of payment from the choices below:

- 1. Life Only Annuity (Basic Option)**
- 2. 50% Joint and Survivor***
- 3. 100% Joint and Survivor***
- 4. 50% Pop Up***
- 5. 100% Pop Up***
- 6. Guaranteed Return of Accrued Benefit**
- 7. Guaranteed Return of Employee Contributions**

** For married retirees only*

At Retirement

Examples of Optional Forms

Life Only Annuity- \$2,365

payable for your lifetime and stops upon your death

50% Joint and Survivor- \$2,182

payable for your lifetime with 50% (\$1,091) payable to spouse after your death

100% Joint and Survivor- \$2,026

payable for your lifetime with 100% (\$2,026) payable to spouse after your death

Amounts are illustrative only and assume that retiree and spouse are the same age; actual amounts are actuarially determined at retirement based on the exact age of you and your spouse.

At Retirement

Examples of Optional Forms

(continued)

50% Pop Up - \$2,150

payable for your lifetime with 50% (\$1,075) payable to spouse after your death. Your benefit pops up to \$2,356 if spouse dies or if you divorce.

100% Pop Up - \$1,970

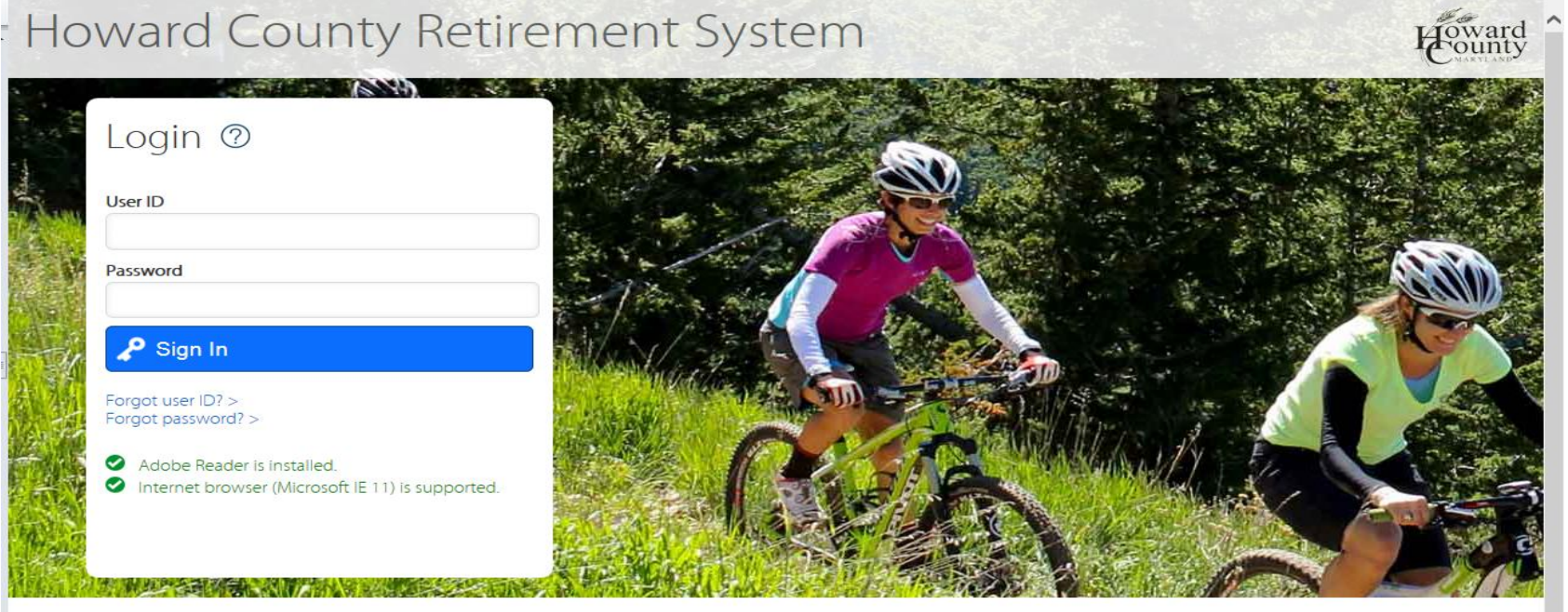
payable for your lifetime with 100% (\$1,970) payable to spouse after your death. Your benefit pops up to \$2,365 if spouse dies or if you divorce.

Return of Accrued Benefit Option - \$2,250

payable for your lifetime with a guarantee of \$354,000 total payments. Any remainder is paid to beneficiary.

Amounts are illustrative only and assume that retiree and spouse are the same age; actual amounts are actuarially determined at retirement based on the exact age of you and your spouse.

Online Portal



The online portal can be accessed from any computer, tablet, or smart phone by going to:

<https://www.mypensionbenefit.com/Default.aspx?co=howard>

Portal Home Page

The screenshot shows the Howard County Pension Portal interface. At the top, it displays the user's name 'User: Southern, Scott T (Participant)' and a 'Logout' button. Below this is the portal title 'Howard County Pension Portal' and a breadcrumb trail 'Howard County Retirement Plan > Southern, Scott T (Active)'. A 'Menu' section contains five buttons: 'Home Page' (house icon), 'Participant Data' (person icon), 'Benefit Calculation' (calculator icon), 'Pension Documents' (document icon), and 'My Security' (lock icon). To the right, a 'Quick Links' section lists seven items, each with a document icon: 'Designation of Beneficiary Form', 'Military Service Form', 'Transfer Service Form', 'Optional Benefit Forms (Married)', 'Optional Benefit Forms (Single)', 'Summary of the Howard County Retirement Plan', and 'Latest Benefit Statement'. Three large orange arrows are overlaid on the page: one pointing up to 'Online Statements' (positioned below the 'Pension Documents' button), one pointing up to 'Estimate Calculator' (positioned below the 'Benefit Calculation' button), and one pointing up to 'Plan Documents and Forms' (positioned below the 'Quick Links' section).

User: Southern, Scott T (Participant) Logout

Howard County Pension Portal

Howard County Retirement Plan > Southern, Scott T (Active)

Menu

- Home Page
- Participant Data
- Benefit Calculation
- Pension Documents
- My Security

Quick Links

- Designation of Beneficiary Form
- Military Service Form
- Transfer Service Form
- Optional Benefit Forms (Married)
- Optional Benefit Forms (Single)
- Summary of the Howard County Retirement Plan
- Latest Benefit Statement

Online Statements

Estimate Calculator

Plan Documents and Forms

Online Calculator

PlusWeb Contribution Summary Howard County Govern... Home - Retirement Plan ... ADP Enterprise HR V5 Log... Maryland State Retiremen... Statements Howard County Retireme...

User: Southern, Scott T (Participant) Logout

Howard County Pension Portal

Howard County Retirement Plan ▶ Southern, Scott T (Active)

Benefit Calculation ▼

What is your actual or expected last day of employment? ⓘ

Termination Age/Date: ☒ Fixed Age ☐ Fixed Date

When do you want to begin receiving pension benefits? ⓘ

Pension Start Age/Date: ☒ Fixed Age ☐ Fixed Date

Who do you plan to designate as your beneficiary, where applicable? ⓘ

Relationship to you: Date of Birth:

If calculating after today, assume the following: ⓘ

Expected Annual Pay Increases: %

☐ I understand and agree to the following [Terms and Conditions](#)

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- Four Quick Questions
- Projecting Salary increase
- Estimates can be stored



HOWARD COUNTY RETIREMENT PLAN

SAMPLE STATEMENT

Statement of Your Estimated Retirement Benefits as of July 1, XXXX

Participant Name: Jane Doe
Social Security #: XXX-XX-XXXX
Date of Birth: XX/XX/XX
Enrollment Date: XX/XX/XX
Rate of Pay on July 1: \$XX,XXX.00

Service as of July 1	Creditable	Eligibility
•Membership	xx Yrs/xx Mos	xx Yrs/xx Mos
•Military	xx Yrs/xx Mos	xx Yrs/xx Mos
•Purchased/Transferred	<u>xx Yrs/xx Mos</u>	<u>xx Yrs/xx Mos</u>
Total	<u>xx Yrs/xx Mos</u>	<u>xx Yrs/xx Mos</u>

Projected Benefits as of July 1, XXXX	
•Normal Retirement Date	xx/xx/xxxx
•Estimated Monthly Benefit	\$xxxxxx.xx

Your Contributions

During the past year

•Contribution	\$xx.xx
•Transfers	xx.xx
•Interest	xx.xx
Total	\$XXX.XX

Cumulative

Pre-tax contributions	\$xx.xx
After-tax contributions	xx.xx
Transfers	xx.xx
Interest	<u>xx.xx</u>
Total	\$XXX.XX

Other Plan Benefits

Disability Retirement Benefit

Line of Duty Disability = 66 2/3% of final average pay

- Must have a “total and permanent disability” resulting from an on-the-job accident or injury and must be compensable under Worker’s Compensation Act

Ordinary (non-Line of Duty) = 33 1/3% of final average pay

- Must have 5 years of service and have a “total and permanent disability.”

In-Service Death Benefits

- Employee contribution account.
- If 1 year of Eligibility Service, additional 1 x Base Pay.
- If eligible for retirement, or if death occurred in the line-of-duty, spouse may elect lifetime annuity.

Termination Benefit, with 5 or more years of County Service

Vested pension payable at age 62 , OR

Refund of **employee contribution** account.

Termination Benefit, with less than 5 years of County Service

Refund of **employee contribution** account.

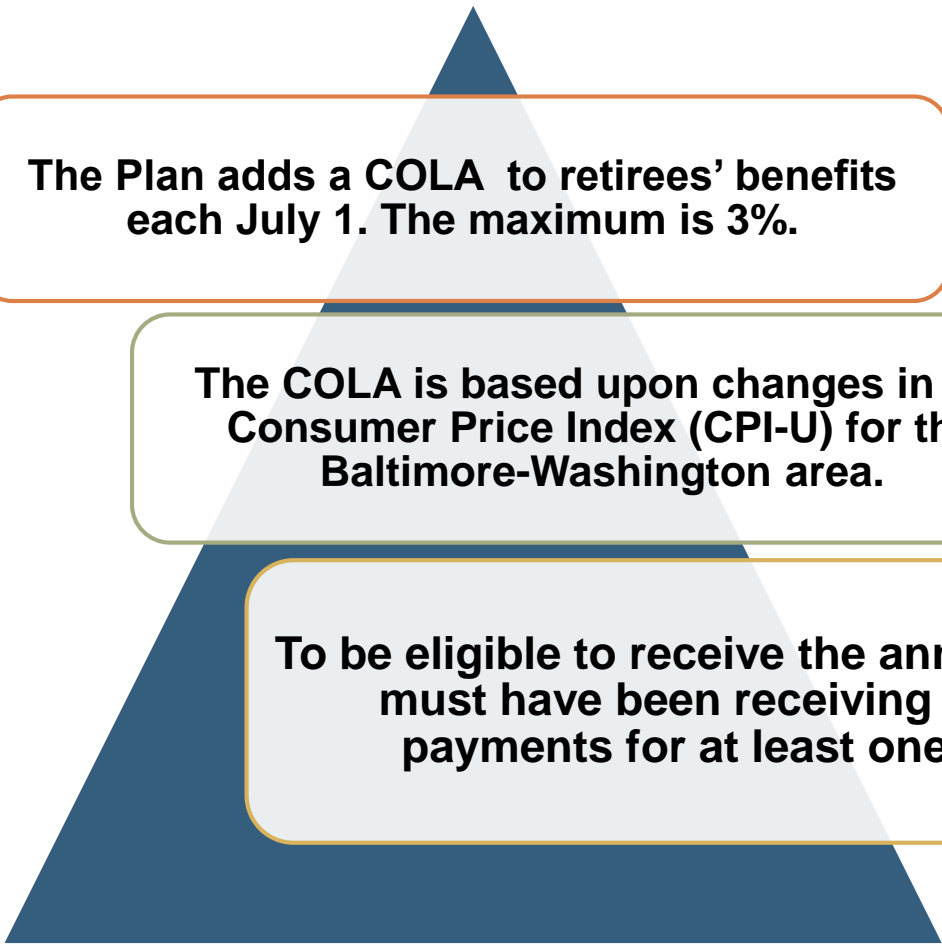
The Retirement Process

- **Notify your supervisor at least 2 weeks in advance.**
- **Make an appointment with the retirement team 4 to 6 weeks before the date of retirement to complete required paperwork:**
 - ✓ **Option Election form***
 - ✓ **Direct deposit**
 - ✓ **Tax withholding**
 - ✓ **Health insurance election**

** Option cannot be changed once payments commence.*



COST OF LIVING ADJUSTMENT (COLA)



The Plan adds a COLA to retirees' benefits each July 1. The maximum is 3%.

The COLA is based upon changes in the Consumer Price Index (CPI-U) for the Baltimore-Washington area.

To be eligible to receive the annual COLA, you must have been receiving retirement payments for at least one full year.



RETIREE HEALTH INSURANCE

RETIREE HEALTH INSURANCE

ELIGIBILITY REQUIREMENTS:

- **Must be enrolled in County's health insurance as an active employee at time of retirement.**
- **Must have 15 years of full time benefitted service.**
- **For employees hired between July 1, 1999 and June 30, 2009 who were 50 or older at hire, the service requirement is 10 years.**



RETIREE HEALTH INSURANCE

(CONTINUED)

MEDICAL PLANS:(includes vision, prescription)

- For pre-Medicare retirees (same as for employees)
 - Aetna: PPO or Open Access Select
 - Kaiser Permanente HMO
- For Medicare-eligible retirees
 - Aetna Medicare Advantage (2 choices)
 - Kaiser Permanente Medicare Plus



MUST BE ENROLLED IN MEDICARE PART A AND PART B

DENTAL PLANS:

- Delta Dental
- DentaQuest

RETIREE HEALTH INSURANCE

(CONTINUED)

- Employer pays % of individual medical premium based on years of service at retirement:

Eligibility Service

at Retirement

Employer Pays

less than 20

50%

20-24

75%

25+

90%

- Deductions taken from retirement check.
- One time opt-out permitted.
- Dental insurance, spousal insurance available (extra cost)



RETIREE HEALTH INSURANCE

SAMPLE MONTHLY RATES FOR 2018

Retiree / spouse under age 65		YEARS AT RETIREMENT		
	Full Premium	<u>Under 20</u> 50%	<u>20-25</u> 75%	<u>25+</u> 90%
<u>Aetna Select Open Access:</u>				
Retiree only	\$608.75	\$304.37	\$152.19	\$60.87
Retiree + Child(ren)	\$1,138.37	\$833.99	\$681.81	\$590.49
Retiree + spouse	\$1,400.13	\$916.69	\$764.51	\$673.19
Family	\$1,801.92	\$1,348.48	\$1,166.30	\$1,074.98

	Retiree only	Retiree + spouse	Family
Delta Dental	\$29.85	\$70.17	\$87.92
DentaQuest	\$10.24	\$19.17	\$26.60

Additional Information and Resources



HOWARD COUNTY
MARYLAND

Allan H. Kittleman, County Executive

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County Administration

Howard County Office of Human Resources

Mailing Address

3430 Court House Drive
Ellicott City, MD 21043

Physical Location

8930 Stanford Boulevard
Columbia, MD 21045

Phone: 410-313-2033

Retirement Plan Summaries

[General/Correctional Employees Plan](#)

[Police and Fire Plan](#)

[Deferred Retirement Option Plan \(DROP\)](#) for Police and Fire

[Retiree Health Insurance Summary](#)

2016 Retiree Health Insurance Rates:

- [Retirees under 65](#)
- [Retirees over 65](#)
- [Dental](#)

Found in the
Human
Resources
section on the
County Website.

AS YOU APPROACH RETIREMENT



- **Contact Howard County Retirement personnel to request a current estimate of your Retirement Plan benefit. (Estimates will be provided only within 12 months of retirement.)**
- **Depending on your age, contact the local Social Security Office (or go to www.ssa.gov) for information on Social Security and Medicare benefits.**
- **Make an appointment with the Nationwide Retirement Specialist to discuss options for deferred compensation money.**

QUESTIONS?

